

CITY COURT OF KAPLAN

Financial Report

Year Ended June 30, 2014

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KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

OFFICES

C. Burton Kolder, CPA*
Russell F. Champagne, CPA*
Victor R. Slaven, CPA*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Penny Angelle Scruggins, CPA
Christine C. Doucet, CPA
Wanda F. Arcement, CPA, CVA

Stephen J. Anderson, CPA
Bryan K. Joubert, CPA
Matthew E. Margaglio, CPA
Allen J. LaBry, CPA
Albert R. Leger, CPA, PFS, CSA*
Marshall W. Guidry, CPA
Stephen R. Moore, Jr., CPA, PFS, CFP®, ChFC®
James R. Roy, CPA
Robert J. Metz, CPA
Alan M. Taylor, CPA
Kelly M. Doucet, CPA
Mandy B. Self, CPA
Paul L. Delcambre, Jr., CPA
Kristin B. Dauzat, CPA
Jane R. Hebert, CPA
W. Jeffrey Lowry, CPA
Brad E. Kolder, CPA, JD
Casey L. Ardoin, CPA
Deidre L. Stock, CPA
Karen V. Fontenot, CPA

* A Professional Accounting Corporation

183 South Beadle Rd
Lafayette, LA 70508
Phone (337) 232-4141
Fax (337) 232-8660

450 East Main Street
New Iberia, LA 70560
Phone (337) 367-9204
Fax (337) 367-9208

113 East Bridge St
Breaux Bridge, LA 70517
Phone (337) 332-4020
Fax (337) 332-2867

200 South Main Street
Abbeville, LA 70510
Phone (337) 893-7944
Fax (337) 893-7946

1234 David Dr. Ste 203
Morgan City, LA 70380
Phone (985) 384-2020
Fax (985) 384-3020

1013 Main Street
Franklin, LA 70538
Phone (337) 828-0272
Fax (337) 828-0290

434 East Main Street
Ville Platte, LA 70586
Phone (337) 363-2792
Fax (337) 363-3049

133 East Waddell St
Marksville, LA 71351
Phone (318) 253-9252
Fax (318) 253-8681

332 West Sixth Avenue
Oberlin, LA 70655
Phone (337) 639-4737
Fax (337) 639-4568

1428 Metro Drive
Alexandria, LA 71301
Phone (318) 442-4421
Fax (318) 442-9833

WEB SITE
WWW.KCSRCPAS.COM

Retired
Conrad O. Chapman, CPA* 2006

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

The Honorable Frank E. Lemoine, City Judge
City Court of Kaplan, Louisiana

We have reviewed the accompanying financial statements of the governmental activities and the major fund of the City Court of Kaplan, Louisiana (City Court), as of and for the year ended June 30, 2014, which collectively comprise the City Court's basic financial statements, as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the management of City Court. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

The management of the City Court is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

In accordance with the Louisiana Governmental Audit Guide and the provisions of state law, we have issued a report, dated November 20, 2014, on the results of our agreed-upon procedures.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 22 through 23 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic or historical context. Such information was not audited, reviewed, or compiled by us, and we do not express an opinion or provide any assurance on such supplementary information. The other supplementary information on pages 27 through 28 is presented for purpose of additional analysis and is not a required part of the basic financial statements. Such information was not audited, reviewed, or compiled by us and we do not express an opinion or provide any assurance on such other supplementary information.

The City Court has omitted the management's discussion and analysis information that is required to be presented for purposes of additional analysis. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. The results of our review of the basic financial statements are not affected by this missing information.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
November 20, 2014

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

CITY COURT OF KAPLAN, LOUISIANA

Statement of Net Position

June 30, 2014

ASSETS

Current assets:

Cash	\$ 91,618
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Noncurrent assets:

Capital assets, net	<u>9,207</u>
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TOTAL ASSETS	<u>100,825</u>
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LIABILITIES

Accounts payable	<u>6,010</u>
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NET POSITION

Net investment in capital assets	9,207
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Restricted:

Witness Fees	18,159
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Unrestricted	<u>67,449</u>
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TOTAL NET POSITION	<u><u>\$ 94,815</u></u>
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See accompanying notes and independent accountants' review report.

CITY COURT OF KAPLAN, LOUISIANA

Statement of Activities
Year Ended June 30, 2014

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net Revenue And Changes in Net Position</u>
		<u>Charges for Services</u>	
Governmental activities:			
General government	<u>\$ (26,275)</u>	<u>\$ 16,695</u>	\$ (9,580)
	Miscellaneous		<u>2,674</u>
	Change in net position		(6,906)
	Net position - June 30, 2013		<u>101,721</u>
	Net position - June 30, 2014		<u>\$ 94,815</u>

See accompanying notes and independent accountants' review report.

FUND FINANCIAL STATEMENTS (FFS)

FUND DESCRIPTIONS

General Fund

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

Witness Fee Special Revenue Fund

To account for the proceeds of revenue from fines that are legally restricted to expenditures for the specific purpose of witness payments.

CITY COURT OF KAPLAN, LOUISIANA

Balance Sheet
Governmental Funds
June 30, 2014

	General Fund	Witness Fee Special Revenue Fund	Total
	<u>General Fund</u>	<u>Witness Fee Special Revenue Fund</u>	<u>Total</u>
ASSETS			
Cash	<u>\$ 73,459</u>	<u>\$ 18,159</u>	<u>\$ 91,618</u>
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts payable	<u>6,010</u>	<u>-</u>	<u>6,010</u>
Fund balances:			
Restricted	-	18,159	18,159
Unassigned	<u>67,449</u>	<u>-</u>	<u>67,449</u>
Total Fund Balances	<u>67,449</u>	<u>18,159</u>	<u>85,608</u>
Total liabilities and fund balances	<u>\$ 73,459</u>	<u>\$ 18,159</u>	<u>\$ 91,618</u>

See accompanying notes and independent accountants' review report.

CITY COURT OF KAPLAN, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2014

Total fund balance for governmental funds at June 30, 2014		\$ 85,608
Cost of capital assets at June 30, 2014	\$23,257	
Less: Accumulated depreciation	<u>(14,050)</u>	
Capital assets, net		<u>9,207</u>
Net position at June 30, 2014		<u>\$ 94,815</u>

See accompanying notes and independent accountants' review report.

CITY COURT OF KAPLAN, LOUISIANA

Statement of Revenue, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2014

	General Fund	Witness Fee Special Revenue Fund	Total
Revenues:			
Court costs - city fines	\$ 13,261	\$ 1,322	\$ 14,583
Court costs - state fines	1,730	382	2,112
Miscellaneous	<u>2,674</u>	<u>-</u>	<u>2,674</u>
Total revenues	<u>17,665</u>	<u>1,704</u>	<u>19,369</u>
Expenditures:			
General government	23,498	1,250	24,748
Capital outlay	<u>5,835</u>	<u>-</u>	<u>5,835</u>
Total expenditures	<u>29,333</u>	<u>1,250</u>	<u>30,583</u>
Excess (Deficiency) of revenues over expenditures	(11,668)	454	(11,214)
Fund balances, beginning	<u>79,117</u>	<u>17,705</u>	<u>96,822</u>
Fund balances, ending	<u>\$ 67,449</u>	<u>\$ 18,159</u>	<u>\$ 85,608</u>

See accompanying notes and independent accountants' review report.

CITY COURT OF KAPLAN, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balance of Governmental Funds
to the Statement of Activities
Year Ended June 30, 2014

Total net change in fund balance for the year ended June 30, 2014 per Statement of Revenues, Expenditures and Changes in Fund Balance		\$ (11,214)
The change in net position reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	5,835	
Depreciation expense for the year ended June 30, 2014	<u>(1,527)</u>	
		<u>4,308</u>
Total changes in net position for the year ended June 30, 2014 per Statement of Activities		<u>\$ (6,906)</u>

See accompanying notes and independent accountants' review report.

CITY COURT OF KAPLAN, LOUISIANA

Statement of Fiduciary Net Position

Fiduciary Funds - Agency Funds

June 30, 2014

ASSETS

Cash and cash equivalents	<u>\$ 73,055</u>
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LIABILITIES

Due to agencies and others	<u>\$ 73,055</u>
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See accompanying notes and independent accountants' review report.

CITY COURT OF KAPLAN, LOUISIANA

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

The City Court of Kaplan (City Court) accounts for the operations of the City Court in Kaplan, Louisiana. The salaries of City Court employees are funded by the State of Louisiana, the Vermilion Parish Police Jury, and the City of Kaplan.

The following is a summary of certain significant accounting policies:

A. Basis of Presentation

The accompanying basic financial statements of the City Court have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in the subsequent subsection of this note.

Government-Wide Financial Statements (GWFS)

The Statement of net position and the statement of activities display information about the City Court as a whole. These statements include all the financial activities of the City Court. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions."

The statement of activities presents a comparison between direct expenses and program revenues for the City Court's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of services offered by the City Court, and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements (FFS)

The City Court uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain City Court functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The various funds of the City Court are classified into two categories: governmental and fiduciary. The emphasis on fund financial statements is on major

CITY COURT OF KAPLAN, LOUISIANA

Notes to Basic Financial Statements (continued)

funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the City Court or its total assets, liabilities, revenues, or expenditures of the individual governmental fund is at least 10 percent of the corresponding total for all governmental funds. The General and Special Revenue funds of the City Court are considered to be major funds. The funds of the City Court are described below:

Governmental Funds –

General Fund – This fund is the primary operating fund of the City Court and it accounts for the operations of the City Court's office. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to City Court policy.

Special Revenue Fund – Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

Fiduciary Funds –

Fiduciary fund reporting focuses on net position and changes in net position. The only funds accounted for in this category by the City Court are agency funds. The agency funds account for assets held by the City Court as an agent for individuals and for deposits held pending court action. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently, the agency funds have no measurement focus, but use the modified accrual basis of accounting.

B. Measurement Focus/Basis of Accounting

The amounts reflected in the governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of City Court operations.

The amounts reflected in the governmental funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City Court considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The

CITY COURT OF KAPLAN, LOUISIANA

Notes to Basic Financial Statements (continued)

governmental fund uses the following practices in recording revenues and expenditures:

Revenues

Intergovernmental revenues and fees, charges and commissions for services are recorded when the City Court is entitled to the funds.

Interest on interest-bearing deposits is recorded or accrued as revenues when earned. Substantially all other revenues are recorded when received.

Expenditures

Capital expenditures and purchases of various operating supplies are regarded as expenditures at the time purchased.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses) when the transfer is authorized by the City Court.

C. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Equity

Cash and cash equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the City Court may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Capital Assets

Capital assets, which include furniture, fixtures, and equipment, are reported in the governmental activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The City Court maintains a threshold level of \$500 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

CITY COURT OF KAPLAN, LOUISIANA

Notes to Basic Financial Statements (continued)

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Equipment	5-10

In the fund financial statements, capital assets used in government fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position and or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The Court has no deferred outflows of resources.

In addition to liabilities, the statement of net position and or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Court has no deferred inflows of resources.

Equity Classifications

In the government-wide statements, net position is displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restrict net position – Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints may be placed on the use, either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – Net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in either of the other two categories of net position.

In the fund statements, governmental fund equity is classified as fund balance. As such, fund balances of the governmental funds are classified as follows:

CITY COURT OF KAPLAN, LOUISIANA

Notes to Basic Financial Statements (continued)

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the Judge. The Judge is the highest level of decision-making authority for the City Court. Commitments may be established, modified, or rescinded only through resolutions approved by the Judge.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Judge's adopted policy, only he may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

As of June 30, 2014, fund balances are composed of the following:

	General Fund	Witness Fee Special Revenue Fund	Total Governmental Funds
Restricted:			
Witness Fees	\$ -	\$ 18,159	\$ 18,159
Unassigned:	<u>67,449</u>	<u>-</u>	<u>67,449</u>
Total fund balances	<u>\$67,449</u>	<u>\$18,159</u>	<u>\$ 85,608</u>

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Judge considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Judge considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Judge has provided otherwise in his commitment or assignment actions.

CITY COURT OF KAPLAN, LOUISIANA

Notes to Basic Financial Statements (continued)

D. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

(2) Cash and Cash Equivalents

Under state law, the City Court may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The City Court may invest in United States bonds, treasury notes, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2014, the City Court has cash and cash equivalents (book balances) totaling \$164,673.

	Government-wide Statement of Net Assets	Fiduciary Funds Statement of Net Assets	Total
Cash and cash equivalents	<u>\$ 91,618</u>	<u>\$ 73,055</u>	<u>\$ 164,673</u>

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the City Court's deposits may not be recovered or will not be able to recover the collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by pledging financial institution. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the financial institution. These securities are held in the name of the pledging financial institution in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at June 30, 2014, are as follows:

Bank balances	<u>\$ 167,274</u>
Federal Deposit Insurance	<u>\$ 167,274</u>

CITY COURT OF KAPLAN, LOUISIANA

Notes to Basic Financial Statements (continued)

(3) Capital Assets

A summary of changes in capital assets follows:

	<u>7/1/2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>6/30/2014</u>
Equipment	\$ 17,422	\$ 5,835	\$ -	\$ 23,257
Less: accumulated depreciation	<u>(12,523)</u>	<u>(1,527)</u>	<u>-</u>	<u>(14,050)</u>
Net capital assets	<u>\$ 4,899</u>	<u>\$ 4,308</u>	<u>\$ -</u>	<u>\$ 9,207</u>

Depreciation expense in the amount of \$1,527 was charged to general government.

(4) Changes in Agency Fund Balances

A summary of changes in agency fund unsettled deposits follows:

	<u>Civil Fund</u>	<u>State Fines Fund</u>	<u>City Fines Fund</u>	<u>Bond Fund</u>	<u>Totals</u>
Balances, beginning	\$ 45,494	\$ 373	\$ 6,385	\$ 24,766	\$ 77,018
Additions	14,280	10,245	79,783	28,387	132,695
Reductions	<u>(15,618)</u>	<u>(10,301)</u>	<u>(81,360)</u>	<u>(29,379)</u>	<u>(136,658)</u>
Unsettled balances, ending	<u>\$ 44,156</u>	<u>\$ 317</u>	<u>\$ 4,808</u>	<u>\$ 23,774</u>	<u>\$ 73,055</u>

(5) Subsequent Events

The City Court has evaluated subsequent events through November 20, 2014, the date which the financial statements were available to be issued.

(6) New Accounting Pronouncements

During the fiscal year ended June 30, 2014 the City Court adopted GASB 65, *Items previously Reported as Assets and Liabilities*, which clarifies the appropriate reporting of deferred outflows of resources of deferred inflows of resources to ensure consistency in financial reporting.

**REQUIRED
SUPPLEMENTARY INFORMATION**

CITY COURT OF KAPLAN, LOUISIANA
General Fund

Budgetary Comparison Schedule
Year Ended June 30, 2014

	Budget		Actual	Variance - Positive (Negative)
	Original	Final		
Revenues:				
Court costs - city fines	\$ 17,000	\$ 13,250	\$ 13,261	\$ 11
Court costs - state fines	2,000	1,700	1,730	30
Miscellaneous	<u>2,000</u>	<u>2,675</u>	<u>2,674</u>	<u>(1)</u>
Total revenues	<u>21,000</u>	<u>17,625</u>	<u>17,665</u>	<u>40</u>
Expenditures:				
General government	24,505	23,460	23,498	(38)
Capital outlay	<u>2,500</u>	<u>5,800</u>	<u>5,835</u>	<u>(35)</u>
Total expenditures	<u>27,005</u>	<u>29,260</u>	<u>29,333</u>	<u>(73)</u>
(Deficiency) of revenues over expenditures	(6,005)	(11,635)	(11,668)	(33)
Fund balance, beginning	<u>79,117</u>	<u>79,117</u>	<u>79,117</u>	<u>-</u>
Fund balance, ending	<u>\$ 73,112</u>	<u>\$ 67,482</u>	<u>\$ 67,449</u>	<u>\$ (33)</u>

See Independent Accountants' Review Report.

CITY COURT OF KAPLAN, LOUISIANA
Witness Fee Special Revenue Fund

Budgetary Comparison Schedule
Year Ended June 30, 2014

	Budget		Actual	Variance - Positive (Negative)
	Original	Final		
Revenues:				
Court costs - city fines	\$ 2,000	\$ 1,700	\$ 1,322	\$ (378)
Court costs - state fines	<u>-</u>	<u>-</u>	<u>382</u>	<u>382</u>
Total revenues	<u>2,000</u>	<u>1,700</u>	<u>1,704</u>	<u>4</u>
Expenditures:				
General government	<u>1,100</u>	<u>1,250</u>	<u>1,250</u>	<u>-</u>
Excess of revenues over expenditures	<u>900</u>	<u>450</u>	<u>454</u>	<u>4</u>
Fund balance, beginning	<u>17,705</u>	<u>17,705</u>	<u>17,705</u>	<u>-</u>
Fund balance, ending	<u>\$18,605</u>	<u>\$18,155</u>	<u>\$18,159</u>	<u>\$ 4</u>

See Independent Accountants' Review Report.

CITY COURT OF KAPLAN, LOUISIANA

Notes to the Budgetary Comparison Schedules
Year Ended June 30, 2014

(1) Budgets and Budgetary Accounting

The City Court follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
2. The budget is employed as a management control device during the year that assists its user in financial activity analysis.
3. All budget appropriations lapse at year-end. The budgets presented are the originally adopted budget and the final amended budget.

For the year ended June 30, 2014, the General Fund actual expenditures exceeded budgeted expenditures.

OTHER SUPPLEMENTARY INFORMATION

AGENCY FUNDS

Civil Fund

The Civil Fund is used to account for the advance costs on suits filed by litigants. The advances are refundable to the litigants after all costs have been paid.

State Fines Fund

The State Fines Fund is used to account for the receipt and disbursement of state fines and court costs.

City Fines Fund

The City Fines Fund is used to account for the receipt and disbursement of city fines and court costs.

Bond Fund

The Bond Fund is used to account for the receipt and disbursement of bonds.

CITY COURT OF KAPLAN, LOUISIANA
Agency Funds

Combining Balance Sheet
June 30, 2014

	<u>Civil Fund</u>	<u>State Fines Fund</u>	<u>City Fines Fund</u>	<u>Bond Fund</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	<u>\$44,156</u>	<u>\$ 317</u>	<u>\$ 4,808</u>	<u>\$23,774</u>	<u>\$73,055</u>
LIABILITIES					
Due to agencies and others	<u>\$44,156</u>	<u>\$ 317</u>	<u>\$ 4,808</u>	<u>\$23,774</u>	<u>\$73,055</u>

See Independent Accountants' Review Report.

CITY COURT OF KAPLAN, LOUISIANA
Agency Funds

Combining Schedule of Collections, Distributions, and Unsettled Balances
For the Year Ended June 30, 2014

	Civil Fund	State Fines Fund	City Fines Fund	Bond Fund	Total
Balances, July 1, 2013	<u>\$ 45,494</u>	<u>\$ 373</u>	<u>\$ 6,385</u>	<u>\$24,766</u>	<u>\$ 77,018</u>
Additions:					
Deposits in civil suits	14,280	-	-	-	14,280
Fines	-	10,245	79,783	24,149	114,177
Bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,238</u>	<u>4,238</u>
Total collections	<u>14,280</u>	<u>10,245</u>	<u>79,783</u>	<u>28,387</u>	<u>132,695</u>
Reductions:					
Payments by order of the Court	1,435	-	-	-	1,435
Refund of deposits	205	-	-	10,246	10,451
Fees transferred to General Fund	-	1,856	14,902	-	16,758
Fines transferred to other funds	-	-	-	19,133	19,133
District attorney	-	840	320	-	1,160
City marshal	1,046	1,260	11,080	-	13,386
Sheriff	493	-	-	-	493
Other fees	87	35	214	-	336
Indigent defender board	-	1,890	16,560	-	18,450
Crime lab	-	770	9,790	-	10,560
LA commission on law enforcement	-	114	827	-	941
Witness fees	-	382	1,322	-	1,704
Judges support compensation fee	11,740	-	-	-	11,740
Clerk of Court	612	42	368	-	1,022
City of Kaplan	-	-	25,977	-	25,977
Vermilion parish police jury	<u>-</u>	<u>3,112</u>	<u>-</u>	<u>-</u>	<u>3,112</u>
Total distributions	<u>15,618</u>	<u>10,301</u>	<u>81,360</u>	<u>29,379</u>	<u>136,658</u>
Unsettled balances, June 30, 2014	<u>\$44,156</u>	<u>\$ 317</u>	<u>\$ 4,808</u>	<u>\$23,774</u>	<u>\$ 73,055</u>

See Independent Accountants' Review Report.

CITY COURT OF KAPLAN, LOUISIANA

Schedule of Current and Prior Year Findings
and Management's Corrective Action Plan
Year Ended June 30, 2014

Part I: Current Year Findings and Management's Corrective Action Plan

A. Internal Control Over Financial Reporting

2014-001 Inadequate Segregation of Accounting Functions

CONDITION: The City Court of Kaplan did not have adequate segregation of functions within the accounting system.

CRITERIA: AU-C §315.04, *Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement*, defines internal control as follows:

“Internal control is a process, affected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.”

Additionally, Statements on Standards for Attestation Engagements (SSAE) AT§501.07 states:

“An entity's internal control over financial reporting includes those policies and procedures that pertain to an entity's ability to record, process, summarize, and report financial data consistent with the assertions embodied in either annual financial statements or interim financial statements, or both.”

CAUSE: The cause of the condition is the fact that the City Court does not have a sufficient number of staff performing administrative and financial duties so as to provide adequate segregation of accounting and financial duties.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: Due to the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Theresa Greene, Clerk, determined that it is not cost effective to achieve complete segregation of duties within the accounting department. No plan is considered necessary.

CITY COURT OF KAPLAN, LOUISIANA

Schedule of Current and Prior Year Findings
and Management's Corrective Action Plan (Continued)
Year Ended June 30, 2014

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting

2013-001 Inadequate Segregation of Accounting Functions

CONDITION: The City Court of Kaplan did not have adequate segregation of functions within the accounting system.

RECOMMENDATION: Based upon the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

CURRENT STATUS: Unresolved. See item 2014-001.

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

OFFICES

C. Burton Kolder, CPA*
Russell F. Champagne, CPA*
Victor R. Slaven, CPA*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Penny Angelle Scruggins, CPA
Christine C. Doucet, CPA
Wanda F. Arcement, CPA, CVA

Stephen J. Anderson, CPA
Bryan K. Joubert, CPA
Matthew E. Margaglio, CPA
Allen J. LaBry, CPA
Albert R. Leger, CPA, PFS, CSA*
Marshall W. Guidry, CPA
Stephen R. Moore, Jr., CPA, PFS, CFP®, ChFC®
James R. Roy, CPA
Robert J. Metz, CPA
Alan M. Taylor, CPA
Kelly M. Doucet, CPA
Mandy B. Self, CPA
Paul L. Delcambre, Jr., CPA
Kristin B. Dauzat, CPA
Jane R. Hebert, CPA
W. Jeffrey Lowry, CPA
Brad E. Kolder, CPA, JD
Casey L. Ardoin, CPA
Deidre L. Stock, CPA
Karen V. Fontenot, CPA

* A Professional Accounting Corporation

183 South Beadle Rd
Lafayette, LA 70508
Phone (337) 232-4141
Fax (337) 232-8660

450 East Main Street
New Iberia, LA 70560
Phone (337) 367-9204
Fax (337) 367-9208

113 East Bridge St
Breaux Bridge, LA 70517
Phone (337) 332-4020
Fax (337) 332-2867

200 South Main Street
Abbeville, LA 70510
Phone (337) 893-7944
Fax (337) 893-7946

1234 David Dr. Ste 203
Morgan City, LA 70380
Phone (985) 384-2020
Fax (985) 384-3020

1013 Main Street
Franklin, LA 70538
Phone (337) 828-0272
Fax (337) 828-0290

434 East Main Street
Ville Platte, LA 70586
Phone (337) 363-2792
Fax (337) 363-3049

133 East Waddell St
Marksville, LA 71351
Phone (318) 253-9252
Fax (318) 253-8681

332 West Sixth Avenue
Oberlin, LA 70655
Phone (337) 639-4737
Fax (337) 639-4568

1428 Metro Drive
Alexandria, LA 71301
Phone (318) 442-4421
Fax (318) 442-9833

WEB SITE
WWW.KCSRPCAS.COM

Retired
Conrad O. Chapman, CPA* 2006

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

The Honorable Frank E. Lemoine, City Judge
City Court of Kaplan, Louisiana

We have performed the procedures included in the Louisiana Government Audit Guide and enumerated below, which were agreed to by the management of the City Court of Kaplan (City Court), and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the City Court's compliance with certain laws and regulations during the year ended June 30, 2014, included in the accompanying Louisiana Attestation Questionnaire. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$30,000, or public works exceeding \$150,000, and determine whether such purchases were made in accordance with R.S. 38:2211-2296 (the public bid law) or R.S. 39:1551-39:1775 (the state procurement code), whichever is applicable.

No expenditures were made during the year for materials and supplies exceeding \$30,000 or public works exceeding \$150,000

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each employee as defined by R.S. 42:1101-1124 (the code of ethics), and a list of outside business interests of all employees, as well as their immediate families.

Management provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided us with the required list.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

None of the employees included on the list of employees provided by management in agreed-upon procedure (3) appeared on the list provided by management in agreed-upon procedure (2).

Budgeting

5. Obtained a copy of the legally adopted budget and all amendments.

Management provided us with a copy of the original budget and all amendments made during the year.

6. Trace the budget adoption and amendments to the minute book.

City Court of Kaplan is not required to have meetings as required by R.S. 42:12 through 42:28; therefore, there is no minute book.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more or if actual expenditures exceed budgeted amounts by 5% or more.

We compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues did not fail to meet budgeted revenues by 5% and actual expenditures did not exceed budgeted amounts by more than 5%.

Accounting and Reporting

8. Randomly select 6 disbursements made during the period under examination and:

- (a) trace payments to supporting documentation as to proper amount and payee;

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

- (b) determine if payments were properly coded to the correct fund and general ledger account; and

All six payments were properly coded to the correct fund and general ledger account.

- (c) determine whether payments received approval from proper authorities.

Inspection of documentation supporting each of the six selected disbursements indicated approvals from the proper authorities.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by R.S. 42:11 through 42:28 (the open meetings law).

The City Court of Kaplan is not required to have meetings as required by R.S. 42:11 through 42:28 therefore, there are no agendas.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

We inspected copies of all bank deposit slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advance, or gifts.

The salaries of City Court employees are funded by the State of Louisiana, the Vermilion Parish Police Jury, and the City of Kaplan. We noted no payments to employees which would constitute bonuses, advances, or gifts in our work performed on expenditures and through inquiry of the client.

See the schedule of current and prior year findings and management's corrective action plan for any comments or unresolved matters.

We were not engaged to, and did not perform an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the City Court of Kaplan and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
November 20, 2014

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)

_____ (Date Transmitted)

_____ Kolder, Champagne, Slaven and Co _____

_____ 200 South Main Street _____

_____ Abbeville, Louisiana 70510 _____

_____ (Auditors)

In connection with your review of our financial statements as of [date] and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the Louisiana Governmental Audit Guide, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of (date of completion/representations).

Public Bid Law

It is true that we have complied with the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.

Yes ☒ No ☐

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.

Yes ☒ No ☐

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.

Yes ☒ No ☐

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-15), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

Yes ☒ No ☐

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.

Yes ☒ No ☐

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable.

Yes ☒ No ☐

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes ☒ No ☐

Meetings

We have complied with the provisions of the Open Meetings Law, provided in R.S. 42:11 through 42:28.

Yes ☒ No ☐

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.

Yes [X] No []

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.

Yes [X] No []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance that may occur subsequent to the issuance of your report.

Secretary _____ Date

Treasurer _____ Date

Judge 10/21/2014 Date

Frank E. LeMoine, Judge-9th Ward Vermillion Parish